



Press release  
July, 26<sup>th</sup>, 2018  
Togliatti

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## AVTOVAZ Group continuously improves sales and financial results

AVTOVAZ Group (AVG) announces 1HY 2018 IFRS results. The company took advantage of the growing Russian automotive market with a record half-year market share at 20%, successful sales to export markets and an improving macroeconomic situation, that led to an 31.7% increase in revenue, resulting in both a positive operating margin and net result. The Company still underlines important risks in the coming months.

In 1HY 2018 AVG sold on the Russian market 169,884 LADA cars that is by 21.1% more vs the same period of 2017. The LADA brand achieved the highest half-year share of the Russian passenger car and light commercial vehicles market since 7 years – 20%. The LADA Vesta model family in HY1 2018 set a historical sales record with 49,635 units sold (+43.5% to HY1 2017). Three LADA models are in the TOP-10 list of bestsellers in Russia – the LADA Vesta (2<sup>nd</sup> position), the LADA Granta (3<sup>rd</sup> position), and the LADA Largus (8<sup>th</sup> position).

From the beginning of 2018 AVG has been increasing export shipments, that for the first 6 months of the year set a record of 19 672 units (+61% compared to 1HY 2017). The Company benefitted from the effective state export support program and increased its commercial performance on some core export markets (e.g. market share growth in Kazakhstan +4.5 pp, in Belarus +9.4 pp vs 1HY 2017).

LADA sales success on the domestic market, supported by state support programs (effective Jan-May, 2018), growing export volumes and ongoing cost optimization activities improved the financial performance of AVG in 1HY 2018. Thus, the Company achieved a consolidated revenue of 134.7 B-RUB, that is 31.5% more than in the 1HY 2017. The 1HY 2018 operating margin benefited positively from significant one-off events in excess of 2B-RUB, bringing the operating margin in a positive zone at 7.2 B-RUB while the last year it was at a breakeven level. This in turn provided AVG with a positive net result of 3.1 B-RUB. The macro-economic context is however more uncertain for 2HY 2018.

**President of PJSC AVTOVAZ Yves Caracatzanis** noted that the financial result of AVG in 1HY 2018 shows that the Company and the LADA brand development are on the right track. *“I’m thankful to every employee of AVTOVAZ for her or his input into the ongoing recovery of the Company. Supported by the shareholders – Groupe Renault and Rostec, AVTOVAZ will keep on working hard to implement our ambitious mid-term plan. We stay with the 2018 market growth forecast of 10-12%, while underlining a number of challenges for the Russian car market development in 2HY 2018, such as the reduction of effective market state support*

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*programs, uncertainties in FX evolution and raw materials' prices. Our forecast for the full year remains with a positive operating margin," - stated Mr. Caracatzanis.*

**Additional information:**

*The AVTOVAZ Group is part of the Alliance Renault-Nissan-Mitsubishi and produces cars under 4 brands in full cycle: LADA, Renault, Nissan, Datsun. Production facilities of the Group are located in Togliatti – PJSC AVTOVAZ and in Izhevsk – LLC LADA Izhevsk.*

*Today the Brand is presented by over 20 models in the B, B+, SUV and LCV segments that are grouped in 6 families: Vesta, XRAY, Largus, Granta, Kalina, and 4x4. The Brand occupies 20% share of the Russian passenger car market. The official dealership network of LADA is the largest in Russia – over 300 dealerships.*

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